

Message Text

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14

ACTION EUR-25

INFO OCT-01 EA-11 ADP-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08

CEA-02 PA-03 USIA-12 PRS-01 L-03 H-02 RSR-01 /167 W
----- 072228

P R 280800 Z JUN 73

FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 9550

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

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E. O. 11652: N/ A

TAGS: EFIN, IT

SUBJECT: FOREIGN CREDITS IN SUPPORT OF LIRA

PASS TREASURY AND FEDERAL RESERVE

REF: (A) ROME 5874; (B) EC BRUSSELS 3562

1. BOI VICE DIRECTOR GENERAL OSSOLA JUNE 27 RECONFIRMED TO
TREASURY ATTACHE MATURITY OF EC SHORT- TERM CREDIT
PER PARA 2 REF A. FRENCH AND GERMAN CREDITS TO
HAVE NINETY- DAY MATURITY AND WILL BE IN FORM OF
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STANDBY. IF CURRENCIES ARE DRAWN UPON, NINETY- DAY MATURITY MAY BE EXTENDED BY ADDITIONAL NINETY- DAY MAXIMUM. INTEREST RATE WILL BE THAT FOR US NINETY- DAY TREASURY BILLS PLUS SMALL BANK COMMISSION. BOTH SWAPS ARE DOLLAR/ LIRA SWAPS.

2. NEGOTIATIONS FOR SIMILAR BILATERAL SWAP WITH SWITZERLAND IN AMOUNT \$250 MILLION NEARLY COMPLETED. INITIAL PROPOSAL FOR POSSIBLE SWAPS WITH JAPAN AND CANADA HAS NOW BEEN ABANDONED. BOI DOES NOT FEEL THAT ADDITIONAL SUPPORT NEEDED AT THIS TIME AND POINTS OUT THAT JAPANESE BANKS, IN ANY CASE, HAVE ALREADY UNDERWRITTEN PART OF RECENT \$200 MILLION IMI LOAN AND \$200 MILLION ICIPU LOAN.

3. OSSOLA SAID EC COMMISSION PROPOSAL FOR EXPANSION OF EUROPEAN MONETARY COOPERATION FUND CALLS FOR INCREASE IN SHORT- TERM CREDIT FACILITIES BY SIX TIMES, I. E., TO ABOUT 8.2 BILLION UNITS OF ACCOUNT. HE ALSO CONFIRMED THAT COMMISSION IS PROPOSING 20 PERCENT RESERVE POOLING BEGINNING JANUARY 1974. OSSOLA WAS RATHER SKEPTICAL ABOUT ACCEPTANCE OF BOTH PROPOSALS, AT LEAST IN THEIR PRESENT FORM.

4. CONFIRM ANALYSIS REF B TO EFFECT THAT ITALIANS DO NOT CONTEMPLATE USE OF NEW CREDIT FACILITIES IN NEAR TERM. ITALIAN PRESS HAS CARRIED REPORTS FROM LODON TO EFFECT THAT STERLING AND LIRA WILL RE- ENTER SNAKE AROUND OCTOBER 1. WHILE NOT RULING THIS OUT, WE HAVE NOT SEEN EVIDENCE TO DATE OF ANY DECISION BY ITALIANS TO DO SO.
DECONTROL 12/31/77 VOLPE

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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US Department of State
EO Systematic Review
30 JUN 2005

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